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June 04, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO IMPACTED HOSPITAL AGREEMENTS
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Request approval to extend the terms of the eight Impacted Hospital Program Agreements.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendments to the Impacted Hospital Program (IHP) Agreements with the eight private impacted hospitals listed on Attachment A, to extend the term for 15 months, effective July 1, 2014 through September 30, 2015 for an estimated cost of \$10.625 million.
2. Delegate authority to the Director, or his designee, to: (a) amend the IHP Agreements to make changes to the scope of work, and payment provisions which would enable the County to realize cost savings as the need for the service diminishes and reduce the County's maximum obligation; and (b) terminate Agreements by issuing a prior written notice in accordance with the termination provisions; all subject to review and approval by County Counsel and notification to the Board and the Chief Executive Office (CEO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current Agreements were approved by the Board to mitigate the impact of the closure of Martin Luther King, Jr.-Harbor (MLK-Harbor) Hospital on the community. The County recognized that with the closure of the emergency room and inpatient facilities at MLK-Harbor, surrounding privately operated hospitals and emergency rooms needed to continue to receive financial support for treatment of certain County-responsible patients, transported via 9-1-1 ambulance from the 9-1-1 catchment area of MLK-Harbor to impacted hospitals for emergency room only treatment, or emergency room and subsequent inpatient care. IHP was developed to help address the critical need of those hospitals that would be impacted by the MLK-Harbor closure.

Approval of the first recommendation will allow the Director to execute an Amendment, substantially similar to Exhibit I, with the eight IHP hospitals that will allow these private hospitals, which were impacted by the closure of MLK-Harbor, to continue to receive payment for emergency services provided to County-responsible uninsured indigent patients. The current agreements expire June 20, 2014.

Approval of the second recommendation will provide DHS with the flexibility to make necessary changes to the scope of work and payment provisions in preparation for the opening of the new Martin Luther King Hospital, and terminate the Agreements in a timely manner to avoid unnecessary expenditure of County funds.

Implementation of Strategic Plan Goals

The recommended actions support Goal 3, Integrated Services Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The estimated cost for the eight IHP Agreements is \$8.5 million for FY 2014-15. Funding is included in DHS' FY 2014-15 Proposed Budget. The costs incurred for these Agreements will be reimbursed by Federal funds, up to 50 percent of DHS' payment, under California's Bridge to Reform Medicaid Demonstration Waiver through Safety Net Care Pool for uncompensated medical costs incurred by hospitals in treating uninsured indigent patients.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The IHP Agreements provide reimbursement for up to a maximum of six (6) days of hospital inpatient care for County-responsible uninsured indigent patients who were transported to the impacted hospital emergency room by 9-1-1 ambulance. In order for IHP hospitals to claim reimbursement for 9-1-1 transported patients, the patients must reside in Los Angeles County, and be picked up and transported from a zip code within the MLK-Harbor's catchment area. Further, the Agreements provide for priority of transfers from IHP hospitals to County/Contract facilities, on the condition that IHP hospitals follow certain protocols.

The IHP services continue to be vital to the South Los Angeles community. As the Board and the CEO, in conjunction with DHS, actively analyze the impact of the Affordable Care Act's requirements and further develop the MLK Hospital opening plans, it is necessary to retain these hospital contracts.

Should the County elect to terminate the IHP Agreements, the County may do so without cause, by providing the other party with thirty (30) days advance written notice.

County Counsel has approved Exhibits I as to use and form.

CONTRACTING PROCESS

The eight hospitals were selected for these agreements because they are in the former MLK-Harbor catchment area.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will help to ensure that emergency medical services remain available to persons residing in or transported via 9-1-1 ambulance from the MLK-Harbor catchment area by maintaining bed availability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:db

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

IMPACTED HOSPITAL PROGRAM AGREEMENT

LIST OF IMPACTED HOSPITALS

- 1. St. Francis Medical Center
3630 East Imperial Highway
Lynwood, California 90262**
- 2. Dignity Health, DBA
California Hospital Medical Center
1401 South Grand Avenue
Los Angeles, CA 90015-3063**
- 3. Centinela Freeman Regional Medical Center
Centinela Campus
555 East Hardy Street
Inglewood, CA 90310-4073**
- 4. Downey Regional Medical Center
11500 Brookshire Avenue
Downey, CA 90241-2246**
- 5. Memorial Hospital of Gardena
1145 West Redondo Beach Boulevard
Gardena, CA 90247-3528**
- 6. Lakewood Regional Medical Center
3700 East South Street
Lakewood, CA 90712-1498**
- 7. White Memorial Medical Center/Adventist Health
1720 East Cesar E. Chavez Avenue
Los Angeles, CA 90033-2482**
- 8. Long Beach Memorial Medical Center
2801 Atlantic Avenue
Long Beach, CA 90806**

Agreement No.: 76365

IMPACTED HOSPITAL PROGRAM AGREEMENT

Amendment No. 5

THIS AMENDMENT is made and entered into this _____ day of _____, 2013,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

CALIFORNIA HOSPITAL
MEDICAL CENTER
(hereafter "Hospital")

Business Address:

1401 South Grand Avenue
Los Angeles, CA 90015

WHEREAS, reference is made to that certain document entitled "IMPACTED HOSPITAL PROGRAM (IHP) AGREEMENT", dated August 24, 2007, and further identified as Agreement No.: 76365, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, the County has determined that IHP services provided by Hospital continue to be in the best interests of the County; and

WHEREAS, the parties wish to revise or incorporate provisions consistent with all applicable State and/or federal laws and regulations, County Ordinances and Board Policy.

WHEREAS, the County recognizes that Hospital continues to have a vital role in assuring that Impacted Hospitals have adequate capacity to accept certain patients transported via 911 ambulance; and

WHEREAS, Hospital has the ability and is willing to continue to accept and provide inpatient care for certain patients transferred from Impacted Hospitals and other County hospitals, in accordance with the terms and conditions which follow herein; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term for 15 months, for the period July 1, 2014 through September 30, 2015; and

WHEREAS, the Agreement may be terminated by issuing a prior written notice in accordance with the Agreement, paragraph 2, Term and Termination, sub-paragraph D; and

WHEREAS, the Agreement provides that changes in accordance to Additional Provisions, paragraph 18, Merger provision may be made in the form of an Amendment which is formally approved and executed by the parties.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective on Board approval.
2. Agreement, Paragraph 2 , TERM AND TERMINATION, Sub-paragraph A, is deleted in its entirety and replaced as follows:

"Paragraph 2. TERM AND TERMINATION:

- A. The term of this Agreement shall commence on December 1, 2006, and shall expire on September 30, 2015.

3. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM
BY THE OFFICE OF THE
COUNTY COUNSEL